

Message Text

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C O N F I D E N T I A L SECTION 1 OF 5 PANAMA 5787

FOR S/AB, L AND ARA/PAN FROM CHESTER AND KOZAK

EO 11652: GDS
TAGS: PBOR, PN
SUBJECT: TREATY NEGOTIATIONS: TREATY DRAFTS

REF: PANAMA 5757

1. THE FOLLOWING IS TEXT OF ARTICLES TENTATIVELY
AGREED TO THUS FAR:

ART. II - ABROGATION OF PRIOR TREATIES (U.S. DRAFT ART I)
THE UNITED STATES OF AMERICA AND THE REPUBLIC OF PANAMA
AGREED THAT, UPON ITS ENTRY INTO FORCE, THIS TREATY
ABROGATES AND SUPERCEDES;
(A) THE CONVENTION BETWEEN THE UNITED STATES OF
AMERICA AND THE REPUBLIC OF PANAMA SIGNED AT WASHINGTON
NOVEMBER 18, 1903;
(B) THE TREATY OF FRIENDSHIP AND COOPERATION OF MARCH 2, 1936
AND THE TREATY OF MUTUAL UNDERSTANDING AND COOPERATION AND
THE MEMORANDUM OF UNDERSTANDINGS OF MARCH 25, 1955, SIGNED BY
THE UNITED STATES OF AMERICA AND THE REPUBLIC OF PANAMA;
(C) ALL OTHER TREATIES, CONVENTIONS,
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AGREEMENTS AND EXCHANGES OF NOTES BETWEEN THE
UNITED STATES OF AMERICA AND THE REPUBLIC OF
PANAMA CONCERNING THE PANAMA CANAL WHICH WERE
ENTERED INTO PRIOR TO THE ENTRY INTO FORCE OF THIS
TREATY.

AGREED MINUTE TO ARTICLE - (ANNEX A U.S. DRAFT)

1. WITH REFERENCE TO PARAGRAPH OF ARTICLE II OF THE PANAMA CANAL TREATY, IT IS UNDERSTOOD THAT THE TREATIES, CONVENTIONS, AGREEMENTS AND EXCHANGES OF NOTES ABROGATED AND SUPERCEDED THEREBY INCLUDE:

A).....

B).....

C) ANY OTHER TREATY, CONVENTION, AGREEMENT OR EXCHANGE OF NOTES BETWEEN THE UNITED STATES OF AMERICA AND THE REPUBLIC OF PANAMA CONCERNING THE PANAMA CANAL WHICH WAS ENTERED INTO PRIOR TO THE ENTRY INTO FORCE OF THE PANAMA CANAL TREATY.

2. IT IS FURTHER UNDERSTOOD THAT THE FOLLOWING TREATIES, CONVENTIONS, AGREEMENTS AND EXCHANGES OF NOTES BETWEEN THE TWO PARTIES REMAIN IN FORCE:

A).....

B).....

C) ANY OTHER TREATY, CONVENTION, AGREEMENT OR EXCHANGE OF NOTES WHICH DOES NOT CONCERN THE PANAMA CANAL AND WHICH IS IN FORCE IMMEDIATELY PRIOR TO THE ENTRY INTO FORCE OF THE PANAMA CANAL TREATY.

ARTICLE III, - ESTABLISHMENT OF A NEW RELATIONSHIP (U.S. DRAFT ART. I)

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IN ACCORDANCE WITH THE TERMS OF THIS TREATY AND RELATED AGREEMENTS, THE REPUBLIC OF PANAMA, AS TERRITORIAL SOVEREIGN, GRANTS TO THE UNITED STATES OF AMERICA, FOR THE DURATION OF THIS TREATY, THE RIGHTS NECESSARY TO REGULATE THE TRANSIT OF SHIPS THROUGH THE PANAMA CANAL, AND TO MANAGE, OPERATE, MAINTAIN, IMPROVE, PROTECT AND DEFEND THE CANAL. THE REPUBLIC OF PANAMA GUARANTEES TO THE UNITED STATES OF AMERICA THE PEACEFUL USE OF THE LAND AND WATER AREAS WHICH IT HAS BEEN GRANTED THE RIGHTS TO USE FOR SUCH PURPOSES PURSUANT TO THIS TREATY AND ITS RELATED AGREEMENTS.

THE REPUBLIC OF PANAMA SHALL PARTICIPATE INCREASINGLY IN THE MANAGEMENT AND PROTECTION AND DEFENSE OF THE CANAL, AS PROVIDED IN THIS TREATY.

IN VIEW OF THE SPECIAL RELATIONSHIP ESTABLISHED BY THIS TREATY, THE REPUBLIC OF PANAMA AND THE UNITED STATES OF AMERICA SHALL COOPERATE TO ASSURE THE UNINTERRUPTED AND EFFICIENT OPERATION OF THE PANAMA CANAL.

ARTICLE IV

CANAL OPERATION AND MANAGEMENT (US DRAFT ART III)

1. THE UNITED STATES OF AMERICA UNDERTAKES TO
MANAGE, OPERATE AND MAINTAIN THE PANAMA CANAL, ITS
COMPLEMENTARY WORKS, INSTALLATIONS AND EQUIPMENT,
AND TO PROVIDE FOR THE EXPEDITIOUS TRANSIT OF VESSELS
THROUGH THE PANAMA CANAL.

2. THE REPUBLIC OF PANAMA, AS TERRITORIAL SOVEREIGN,
GRANTS TO THE UNITED STATES OF AMERICA THE FOLLOWING
RIGHTS NECESSARY TO CARRY OUT THE FOREGOING RESPONSIBILITIES:

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(A) TO USE FOR THESE PURPOSES THE VARIOUS INSTALLATIONS AND AREAS (INCLUDING THE PANAMA CANAL) AND WATERS, AS DESCRIBED IN THE AGREEMENT IN IMPLEMENTATION OF THIS ARTICLE, SIGNED THIS DATE, AS WELL AS SUCH OTHER AREAS AND INSTALLATIONS AS ARE MADE AVAILABLE TO THE UNITED STATES OF AMERICA UNDER THIS TREATY AND RELATED AGREEMENTS, AND TO TAKE THE MEASURES NECESSARY TO ENSURE SANITATION OF SUCH AREAS;

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(B) TO MAKE SUCH IMPROVEMENTS AND ALTERNATIONS, AS IT DEEMS APPROPRIATE, TO THE AFORESAID INSTALLATIONS AND AREAS CONSISTENT WITH THE TERMS OF THIS TREATY;

(C) TO MAKE, AND ENFORCE IN COOPERATION WITH THE REPUBLIC OF PANAMA, ALL RULES PERTAINING TO THE PASSAGE OF VESSELS THROUGH THE CANAL AND OTHER RULES WITH RESPECT TO NAVIGATION AND MARITIME MATTERS, IN ACCORDANCE WITH THIS TREATY AND RELATED AGREEMENTS.

(D) TO ESTABLISH, MODIFY, COLLECT AND RETAIN TOLLS AND OTHER CHARGES FOR THE USE OF THE PANAMA CANAL AND TO ESTABLISH AND MODIFY METHODS OF THEIR ASSESSMENT;

(E) TO REGULATE RELATIONS WITH EMPLOYEES OF THE UNITED STATES GOVERNMENT;

(F) TO PROVIDE SUPPORTING SERVICES TO FACILITATE THE PERFORMANCE OF ITS RESPONSIBILITIES UNDER THIS ARTICLE;

(G) TO ISSUE AND, IN COOPERATION WITH THE REPUBLIC OF PANAMA, ENFORCE REGULATIONS FOR THE EFFECTIVE EXERCISE OF THE RIGHTS AND RESPONSIBILITIES OF THE UNITED STATES OF AMERICA UNDER THIS TREATY AND RELATED AGREEMENTS, AND

(H) TO EXERCISE ANY OTHER RIGHT GRANTED UNDER THIS TREATY, OR OTHERWISE AGREED UPON BETWEEN THE TWO PARTIES.

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3. PURSUANT TO THE FOREGOING GRANT OF RIGHTS, THE UNITED STATES OF AMERICA SHALL, IN ACCORDANCE WITH THE TERMS OF THIS TREATY AND THE PROVISIONS OF U.S. LAW, CARRY OUT THE RESPONSIBILITIES SET FORTH IN PARAGRAPH 1 OF THIS ARTICLE BY MEANS OF A U.S. GOVERNMENT AGENCY (HEREINAFTER CALLED THE "PANAMA CANAL COMMISSION") WHICH SHALL BE CONSTITUTED BY AND IN CONFORMITY WITH THE LAWS OF THE UNITED STATES OF AMERICA.

(A) THE PANAMA CANAL COMMISSION SHALL BE SUPERVISED BY A BOARD COMPOSED OF NINE MEMBERS, FIVE OF WHOM SHALL BE NATIONALS OF THE UNITED STATES AND FOUR OF WHOM SHALL BE PANAMANIAN NATIONALS, PROPOSED BY THE GOVERNMENT OF THE REPUBLIC OF PANAMA FOR APPOINTMENT TO SUCH POSITIONS BY THE UNITED STATES OF AMERICA.

(B) SHOULD THE GOVERNMENT OF THE REPUBLIC OF PANAMA REQUEST THE UNITED STATES GOVERNMENT TO REMOVE A PANAMANIAN NATIONAL FROM MEMBERSHIP ON THE BOARD, THE UNITED STATES OF AMERICA SHALL AGREE TO SUCH REQUEST. IN THAT EVENT, THE GOVERNMENT OF THE REPUBLIC OF PANAMA SHALL PROPOSE ANOTHER PANAMANIAN NATIONAL FOR APPOINTMENT BY THE UNITED STATES OF AMERICA TO SUCH POSITION. IN CASE OF REMOVAL OF PANAMANIAN MEMBER OF THE BOARD AT THE INITIATIVE OF THE UNITED STATES OF AMERICA, BOTH PARTIES WILL CONSULT IN ADVANCE IN ORDER TO REACH AGREEMENT CONCERNING SUCH

REMOVAL, AND THE GOVERNMENT OF THE REPUBLIC OF PANAMA SHALL PROPOSE ANOTHER PANAMANIAN NATIONAL FOR APPOINTMENT BY THE UNITED STATES OF AMERICA IN HIS STEAD.

(C) THE UNITED STATES GOVERNMENT SHALL EMPLOY A NATIONAL OF THE UNITED STATES OF AMERICA AS ADMINISTRATOR OF THE PANAMA CANAL COMMISSION AND A PANAMANIAN NATIONAL AS DEPUTY ADMINISTRATOR UNTIL 31 DECEMBER 1989. BEGINNING JANUARY 1, 1990, A PANAMANIAN NATIONAL SHALL BE
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EMPLOYED AS THE ADMINISTRATOR AND A NATIONAL OF THE UNITED STATES OF AMERICA SHALL OCCUPY THE POSITION OF DEPUTY ADMINISTRATOR. SUCH PANAMANIAN NATIONALS SHALL BE PROPOSED TO THE UNITED STATES GOVERNMENT BY THE GOVERNMENT OF THE REPUBLIC OF PANAMA FOR APPOINTMENT TO SUCH POSITIONS BY THE UNITED STATES GOVERNMENT.

(D) SHOULD THE UNITED STATES GOVERNMENT REMOVE THE PANAMANIAN NATIONAL FROM HIS POSITION AS DEPUTY COMMISSIONER, OR ADMINISTRATOR, THE GOVERNMENT OF THE REPUBLIC OF PANAMA SHALL PROPOSE ANOTHER PANAMANIAN NATIONAL FOR APPOINTMENT TO SUCH POSITION BY THE UNITED STATES GOVERNMENT.

4. A DESCRIPTION OF THE ACTIVITIES THE PANAMA CANAL COMMISSION WILL PERFORM IN CARRYING OUT THE RESPONSIBILITIES AND RIGHTS OF THE UNITED STATES UNDER THIS ARTICLE IS SET FORTH AT ANNEX B. ALSO SET FORTH IN THAT ANNEX ARE PROCEDURES FOR THE DISCONTINUANCE OR TRANSFER OF THOSE ACTIVITIES PERFORMED PRIOR TO THE ENTRY INTO FORCE OF THIS TREATY BY THE PANAMA CANAL COMPANY OR THE CANAL ZONE GOVERNMENT WHICH ARE NOT TO BE CARRIED OUT BY THE PANAMA CANAL COMMISSION.

5. THE REPUBLIC OF PANAMA AND THE UNITED STATES OF AMERICA SHALL ESTABLISH A PANAMA CANAL CONSULTATIVE COMMITTEE, COMPOSED OF AN EQUAL NUMBER OF HIGH-LEVEL REPRESENTATIVES OF THE REPUBLIC OF PANAMA AND OF THE UNITED STATES OF AMERICA, AND WHICH MAY APPOINT SUCH SUBCOMMITTEES AS IT MAY DEEM APPROPRIATE. THIS COMMITTEE SHALL ADVISE THE GOVERNMENTS OF THE REPUBLIC OF PANAMA AND OF THE UNITED STATES OF AMERICA ON MATTERS OF POLICY AFFECTING THE CANAL'S OPERATION. IN VIEW OF BOTH COUNTRIES' SPECIAL INTEREST IN THE CONTINUITY AND EFFICIENCY OF THE CANAL OPERATION IN THE FUTURE, THE COMMITTEE SHALL ADVISE ON ON MATTERS SUCH AS GENERAL TOLLS, POLICY, EMPLOYMENT POLICIES TO INCREASE THE PARTICIPATION OF PANAMANIAN NATIONALS IN THE OPERATION OF THE CANAL, AND INTERNATIONAL
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POLICIES ON MATTERS CONCERNING THE CANAL. THE COMMITTEE'S
RECOMMENDATIONS SHALL BE TRANSMITTED TO THE TWO GOVERNMENTS,
WHICH SHALL GIVE SUCH RECOMMENDATIONS FULL CONSIDERATIONS
AND WEIGHT IN THE FORMULATION OF SUCH POLICY DECISIONS.

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6. IN ADDITION TO THE PARTICIPATION OF PANAMANIAN NATIONALS
AT HIGH MANAGEMENT LEVELS, AS PROVIDED FOR IN PARAGRAPH 3 OF
THIS ARTICLE, THERE SHALL BE GROWING PARTICIPATION OF PANAMANIAN
NATIONALS AT ALL OTHER LEVELS AND AREAS OF EMPLOYMENT IN THE
PANAMA CANAL COMMISSION, WITH THE OBJECTIVE OF PREPARING, IN
AN ORDERLY AND EFFICIENT FASHION, FOR THE ASSUMPTION BY THE REPUBLIC
OF PANAMA, OF FULL RESPONSIBILITY FOR THE MANAGEMENT, OPERATION AND

MAINTENANCE OF THE CANAL UPON THE TERMINATION OF THIS TREATY.

7. THE USE OF THE INSTALLATIONS, AREAS AND WATERS WITH
RESPECT TO WHICH THE UNITED STATES OF AMERICA IS GRANTED
RIGHTS PURSUANT TO THIS ARTICLE, AND THE RIGHTS AND LEGAL
STATUS OF UNITED STATES GOVERNMENT AGENCIES AND EMPLOYEES
OPERATING IN THE REPUBLIC OF PANAMA PURSUANT TO THIS ARTICLE,
SHALL BE GOVERNED BY THE AGREEMENT IN IMPLEMENTATION OF THIS
ARTICLE,S SIGNED THIS DATE.

8. UPON ENTRY INTO FORCE OF THIS THIS TREATY, THE UNITED
STATES GOVERNMENT AGENCIES KNOWN AS THE PANAMA CANAL COMPANY
AND THE CANAL ZONE GOVERNMENT SHALL CEASE TOOPERATE WITHIN
THE TERRITORY OF THE REPUBLIC OF PANAMA THAT CONSTITUTED THE

CANAL ZONE.
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ARTICLE V

PROTECTION AND DEFENSE (US DRAFT ART II)

1. THE REPUBLIC OF PANAMA AND THE UNITED STATES OF AMERICA COMMIT THEMSELVES TO PROTECT AND DEFEND THE PANAMA CANAL. EACH PARTY SHALL ACT, IN ACCORDANCE WITH ITS CONSTITUTIONAL PROCESSES, TO MEET THE DANGER RESULTING FROM AN ARMED ATTACK OR OTHER ACTIONS WHICH THREATEN THE SECURITY OF THE PANAMA CANAL OR OF SHIPS TRANSITING IT.

2. FOR THE DURATION OF THIS TREATY, THE UNITED STATES OF AMERICA SHALL HAVE PRIMARY RESPONSIBILITY TO PROTECT AND DEFEND THE CANAL. THE RIGHTS OF THE UNITED STATES OF AMERICA TO STATION TRAIN, AND MOVE MILITARY FORCES WITHIN THE REPUBLIC OF PANAMA ARE DESCRIBED IN THE AGREEMENT IN IMPLEMENTATION OF THIS ARTICLE, SIGNED THIS DATE. THE LEGAL STATUS OF THE FORCES OF THE UNITED STATES OF AMERICA IN THE REPUBLIC OF PANAMA SHALL BE GOVERNED BY THE AFORESAID AGREEMENT.

3. IN ORDER TO FACILITATE THE PARTICIPATION AND COOPERATION OF THE FORCES OF BOTH NATIONS IN THE PROTECTION AND DEFENSE OF THE CANAL, THE REPUBLIC OF PANAMA AND THE UNITED STATES OF AMERICA SHALL ESTABLISH A COMBINED BOARD COMPRISED OF AN EQUAL NUMBER OF SENIOR MILITARY REPRESENTATIVES OF EACH COUNTRY. THESE REPRESENTATIVES SHALL BE CHARGED BY THEIR RESPECTIVE GOVERNMENTS WITH CONSULTING AND COOPERATING ON ALL MATTERS PERTAINING TO THE PROTECTION AND DEFENSE OF THE CANAL, AND WITH PLANNING FOR ACTIONS TO BE TAKEN IN CONCERT FOR THAT PURPOSE. SUCH COMBINED PROTECTION AND DEFENSE ARRANGEMENTS SHALL NOT INHIBIT THE IDENTITY OR LINES OF AUTHORITY OF THE MILITARY FORCES OF THE REPUBLIC OF PANAMA OR OF THE UNITED STATES OF AMERICA. THE
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COMBINED BOARD SHALL, INTER ALIA, PROVIDE FOR COORDINATION AND COOPERATION CONCERNING:

- (A) THE PREPARATION OF CONTINGENCY PLANS FOR THE PROTECTION AND DEFENSE OF THE CANAL BASED UPON THE COOPERATIVE EFFORTS OF THE TWO NATIONAL FORCES;
- (B) THE PLANNING AND CONDUCT OF COMBINED MILITARY EXERCISES; AND
- (C) THE CONDUCT OF UNITED STATES AND PANAMANIAN

MILITARY OPERATIONS WITH RESPECT TO THE PROTECTION AND
DEFENSE OF THE CANAL.

4. THE COMBINED BOARD SHALL, AT FIVE-YEAR INTERVALS
THROUGHOUT THE DURATION OF THIS TREATY, REVIEW THE RE-
SOURCES BEING MADE AVAILABLE BY THE TWO NATIONS FOR THE
PROTECTION AND DEFENSE OF THE CANAL. ALSO, THE COMBINED
BOARD SHALL MAKE APPROPRIATE RECOMMENDATIONS TO THE TWO
GOVERNMENTS RESPECTING PROJECTED REQUIREMENTS, THE EFFI-
CIENT UTILIZATION OF AVAILABLE RESOURCES OF THE TWO NATIONS,
AND OTHER MATTERS OF MUTUAL INTEREST WITH RESPECT TO THE
PROTECTION AND DEFENSE OF THE CANAL.

5. TO THE EXTENT POSSIBLE CONSISTENT WITH ITS PRI-
MARY RESPONSIBILITY FOR THE PROTECTION AND DEFENSE OF
THE PANAMA CANAL, THE UNITED STATES OF AMERICA WILL EN-
DEAVOR TO MAINTAIN UNITED STATES FORCES IN THE REPUBLIC
OF PANAMA IN NORMAL TIMES AT A LEVEL NOT IN EXCESS OF THAT
OF THE UNITED STATES FORCES IN THE TERRITORY OF THE
FORMER CANAL ZONE IMMEDIATELY PRIOR TO THE ENTRY INTO
FORCE OF THIS TREATY.

ARTICLE VI
PRINCIPLE OF NON-INTERVENTION (U.S. DRAFT IMPLEMTN AGREEMENT
ART II)

EMPLOYEES OF THE PANAMA CANAL COMMISSION WHO ARE
NATIONALS OF THE UNITED STATES OF AMERICA, THEIR
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DEPENDENTS, AND DESIGNATED CONTRACTORS OF THE PANAMA CANAL COMMISSION, SHALL RESPECT THE LAWS OF THE REPUBLIC OF PANAMA AND SHALL ABSTAIN FROM ANY ACTIVITY INCOMPATIBLE WITH THE SPIRIT OF THIS TREATY. WITH THE EXCEPTION OF NATIONALS OF THE REPUBLIC OF PANAMA, THEY SHALL ABSTAIN FROM ANY POLITICAL ACTIVITY IN THE REPUBLIC OF PANAMA AS WELL AS FROM ANY OTHER INTERVENTION IN THE INTERNAL AFFAIRS OF THE REPUBLIC. THE UNITED STATES OF AMERICA SHALL TAKE ALL MEASURES WITHIN ITS AUTHORITY TO ENSURE THAT THE PROVISIONS OF THIS ARTICLE ARE FULFILLED.

ARTICLE VII

PROTECTION OF THE ENVIRONMENT (U.S. DRAFT ART IV)

1. THE REPUBLIC OF PANAMA AND THE UNITED STATES OF AMERICA COMMIT THEMSELVES TO IMPLEMENT THIS TREATY IN A MANNER CONSISTENT WITH THE PROTECTION OF THE NATURAL ENVIRONMENT OF THE REPUBLIC OF PANAMA. TO THIS END, THEY SHALL CONSULT AND COOPERATE WITH EACH OTHER IN ALL APPROPRIATE WAYS TO ENSURE THAT THEY SHALL GIVE DUE REGARD TO THE PROTECTION AND CONSERVATION OF THE ENVIRONMENT.

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2. A JOINT COMMISSION ON THE ENVIRONMENT SHALL BE ESTABLISHED WITH EQUAL REPRESENTATION FROM THE REPUBLIC OF PANAMA AND THE UNITED STATES OF AMERICA, WHICH SHALL PERIODICALLY REVIEW THE IMPLEMENTATION OF THIS TREATY AND SHALL RECOMMEND AS APPROPRIATE TO THE TWO GOVERNMENTS WAYS TO AVOID, AND SHOULD THIS NOT BE POSSIBLE, TO MITIGATE THE ADVERSE ENVIRONMENTAL IMPACTS WHICH MIGHT RESULT FROM THEIR RESPECTIVE ACTIONS PURSUANT TO THE TREATY.

3. THE GOVERNMENT OF THE REPUBLIC OF PANAMA AND THE GOVERNMENT OF THE UNITED STATES UNDERTAKE TO FURNISH THE JOINT COMMISSION ON THE ENVIRONMENT COMPLETE INFORMATION ON ANY ACTION TAKEN IN ACCORDANCE WITH THIS TREATY WHICH EITHER OF THEM BELIEVES MIGHT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT. SUCH INFORMATION SHALL BE MADE AVAILABLE TO THE COMMISSION AS FAR IN ADVANCE OF THE CONTEMPLATED ACTION AS POSSIBLE TO FACILITATE THE STUDY BY THE COMMISSION OF ANY POTENTIAL ENVIRONMENTAL

PROBLEMS AND TO ALLOW FOR CONSIDERATION OF THE RECOMMEND-
ATIONS OF THE COMMISSION BEFORE THE CONTEMPLATED ACTION
IS CARRIED OUT.

2. ART. XV - TELECOMMUNICATIONS (ARTICLE III
U.S. DRAFT IMPLEMENTING AGREEMENT)

CHANGES IN U.S. TEXT ARE:

- A) PAGE 51, LINE 9 INSERT "PRIOR" BEFORE "CONSULTATION".
- B) PAGE 52, LINE 3 INSERT "INFORMATION CONCERNING" AFTER
"MINIMUM.
- C) AFTER "EMISSION" ON PAGE 52, LINE 4 INSERT "BEING USED
ON THOSE FREQUENCIES.
- D) PARA 6, PAGE 52, LINES 5-10, HAS BEEN REVISED TO READ AS
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FOLLOWS: "THE REPUBLIC OF PANAMA UNDERTAKES NOT TO AUTHORIZE
THE USE OF ANY FREQUENCY WHICH COULD INTERFERE WITH THOSE IN
USE BY OR FOR THE PANAMA CANAL COMMISSION OR WHICH IT MAY
USE IN THE FUTURE IN ACCORDANCE WITH THIS TREATY."
E) PAGE 52, LINE 16 REPLACE "SIGNATORIES" WITH "PARTIES".

3. ARTICLE XIV - ACQUISITION OF PANAMANIAN
SUPPLIES AND SERVICES
(ARTICLE XII U.S. DRAFT IMPLEMENTING AGREEMENT).
A) PAGE 49, LINES 1 - 2 DELETE ALL BEFORE "OBTAINABLE"
AND REPLACE WITH "IN PROCURING SUPPLIES AND SERVICES,
THE PANAMA CANAL COMMISSION SHALL GIVE PREFERENCE TO THOSE..."

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4. ARTICLE XIX - CONTRACTORS AND CONTRACTOR'S PERSONNEL.

(ARTICLE XIV U.S. DRAFT IMPLEMENTING AGREEMENT)

A) PAGE 53, PARA Q IS REVISED AS FOLLOWS

"WHENEVER THE PANAMA CANAL COMMISSION ENTERS INTO CONTRACTS OF THE PERFORMANCE OF SERVICES OF THE PROCUREMENT OF SUPPLIES, IT SHALL ADHERE TO THE PREFERENCES FOR PANAMANIAN SOURCES SET FORTH IN ARTICLE OF THIS TREATY."

B) P. 54, LINE 12: REPLACE "IDENTITY" WITH "QUALIFICATION"..

C) PAGE 55, LINES 1-2: "...AS LONG AS HE IS TAXED IN THE UNITED STATES AT A RATE SUBSTANTIALLY EQUIVALENT TO THE CORRESPONDING TAXES AND ASSESSMENTS OF THE REPUBLIC OF PANAMA.

D) PAGE 55, LINES 10-12: AFTER "AGREEMENT" REPLACE REST OF SUBPARAGRAPH WITH "AND, ON A NON-DISCRIMINATORY BASIS, SHALL PAY THE REPUBLIC OF PANAMA HIGHWAY TOLLS AND TAXES ON PLATES FOR PRIVATE VEHICLES."

E) P. 56, LINES 9-13: REPLACE WITH "(B) UPON PROOF THAT DURING THE LIFE OF THE CONTRACT SUCH CONTRACTORS HAVE ENGAGED IN THE REPUBLIC OF PANAMA IN BUSINESS ACTIVITIES NOT RELATED TO THEIR CONTRACTS WITH THE UNITED STATES OF AMERICA NOARR
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AUTHORIZED BY THE GOVERNMENT OF THE REPUBLIC OF PANAMA."

2. WE HAVE DEFERRED DECISION RE WHICH ARTICLES WILL GO IN TREATY AND WHICH WILL GO IN IMPLEMENTING AGREEMENT. WE WILL STRAIGHTEN OUT REFERENCES IN TEXT AFTER DECISION MADE.

3. IN PROTECTION AND DEFENSE ARTICLE, PARA. 5, PANAMA REQUESTED DELETION OF PHRASE "TO THE EXTENT POSSIBLE..." ON THE GROUNDS THAT IT IS UNNECESSARY. WE RECALLED EXTREME SENSITIVITY OF THIS PARAGRAPH AND FACT IT HAD BEEN AGREED TO AT CHIEF NEGOTIATOR LEVEL. ROYO ADMITTED IT WAS AGREED, BUT STATED THAT IF WE WERE GOING TO INSIST ON EVERY WORD AGREED TO, THEY WOULD DO LIKEWISE. TO AVOID UNNECESSARY ARGUMENT, WE OFFERED TO TRANSMIT THEIR REQUEST FOR AMBASSADOR'S CONSIDERATION, ALTHOUGH WE EXPRESSED DOUBT THAT YOU WOULD WISH TO AUTHORIZE SUCH A CHANGE.

4. TALKS PROGRESSING REASONABLY WELL. WELL. ROYO VISIBLY IMPATIENT TO REACH AGREEMENT AND UPSET BY LOPEZ-GUEVARRA'S AND DE LA ROSA'S "NIT-PICKING," ALTHOUGH HE PERIODICALLY ACCUSES US OF SAME FAULT FOR FAILING TO ACCEPT ALL THEIR PROPOSED

CHANGES. AT ONE POINT TODAY TOYO WITH AHUMADA'S SUPPORT RE-
PROACHED THEM AT SOME LENGTH (WE GRACEFULLY WITHDREW FROM THE ROOM
DURING THE MOST HEATED PART OF THEIR DUSCUSSION). WE ARE HOPEFUL
THAT ROYO WILL TAKE MEASURES TO BRING HIS TWO COLLEAGUES
UNDER CONTROL, AND THAT THE TALKS WILL SPEED UP ACCORDINGLY.

5. MEETINGS WILL RESUME AT 0800 TOMORROW AT FOREIGN
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Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
Current Classification: UNCLASSIFIED
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Document Source: CORE
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Drafter: n/a
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Executive Order: GS
Errors: N/A
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Original Classification: CONFIDENTIAL
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Review Date: 29-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1617588
Secure: OPEN
Status: NATIVE
Subject: TREATY NEGOTIATIONS: TREATY DRAFTS
TAGS: PBOR, PN, US
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/6d4b755b-c288-dd11-92da-001cc4696bcc
Review Markings:
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